

<b>COLORADO DEPARTMENT OF HUMAN SERVICES</b> <b>1575 SHERMAN ST., DENVER, COLORADO 80203-1714</b>  <b>AGENCY LETTER</b>	<b>NUMBER:</b> <b>GEN-06-03-P</b> <b>CROSS REFERENCE</b> <b>NUMBER:</b> CW, CC, FA, LEAP, AFS
<b>DIVISION OR OFFICE:</b> Office of Self Sufficiency - OSS	<b>DATE:</b> May 8, 2006
<b>PROGRAM AREA:</b> General – GEN	<b>DIVISION DIRECTOR:</b> Bridget M. Barron
<b>TITLE:</b> COUNTY EBT CARD DISBURSEMENT PROCEDURES  <b>TYPE:</b> P - Procedure	<b>MANAGER:</b> Pauline Burton

**Purpose:**

To assist counties in applying internal controls that limit county social/human services employee misuse of Food Stamp, TANF (Colorado Works), Old Age Pension (OAP), Low-Income Energy Assistance Program (LEAP), Aid to the Needy Disabled (AND), Aid to the Blind, Child Care and Child Welfare funds while operating the EBT/EFT Benefits Payment System.

**Background:**

During recent county audits, the CDHS has identified a number of vulnerabilities for potential employee fraud using the EBT card system. Certain patterns for internal fraud have been identified that may be controlled through adherence to state developed, county executed, EBT card issuance procedures.

CDHS directs counties that, at a minimum, the following EBT internal control contingencies be employed.

**Procedure or Information:**

Most, though not all, of these security measures are spelled out in Chapter 7 of the EBT Administrative Training Guide. These procedures will be re-emphasized in the next training guide revision. Following are the steps counties must follow:

1. Bulk Card Inventory. Ensure the number of cards in the box (or boxes) shipped and the card number sequence matches what is on the JP Morgan EFS computer manifest.
2. Card Inventory for Issuance Workers. Issuance staff shall receive cards, or check out the card inventory, daily, to cover new and replacement card issuance. Current procedures dictate that cards shall be distributed in packs of 20 and numbers recorded on the Issuance Log for Blank EBT Cards. Record the transfer of each pack on the Bulk EBT Card Inventory Record and on the Daily Inventory Reconciliation of Blank EBT Cards for each client. We are re-evaluating the 20-card limitation for large offices and will consider a waiver of this limitation.

3. Separation of Duties. Unless a particular county has a state waiver, staff that issue cards may not be the same staff determining eligibility. Eligibility staff shall complete an EBT Client Correction/EBT Card Issuance Referral form to authorize each card issuance. Route this form to card issuance staff preceding the actual issuance of a card for each client.
4. Issuance Logs. Counties shall maintain card issuance logs. Recording blank card numbers on the log ensures no cards are missing from the stock. Discrepancies between the Issuance Log, the EBT Card Inventory Record and cards on hand shall be reported and investigated with the results, conclusions and interventions recorded in writing for local and State audit and site review purposes.
5. Client Signatures. County staff shall require clients to sign the log upon issuance of a new or replacement card. Verify the signature with the client's signature on some form of identification, such as a driver's license, to ensure card issuance to the correct person. Whenever possible, the Eligibility Technician shall attempt to ensure that the Social Security number the client reports belongs to that client. (For example, check case files or the Internet Verification and Information System of the US Citizenship and Immigration Bureau web site available through the CDHS/CBMS portal or private search companies like ACCURINT.). Individuals receiving EBT cards shall be informed in their primary language, both verbally and in writing, that their EBT card and PIN number belong only to them. County employees may not pick up a card to give to a client. The card and its PIN shall never be shared with family members or other persons.
6. Daily Audits. The issuance office supervisor shall perform a daily audit of the remaining blank cards at the end of the day and of the issuance logs. Check that every line on the log is complete for each card issued, including the recipient's signature. Randomly check client signatures on the logs against those in the file. Account for issued and non-issued cards by auditing the incomplete log for blank cards. Discrepancies shall be reported and investigated with the results, conclusions and interventions recorded for internal and external audit and review purposes.
7. Lock Up Cards. Lock up all cards not in use for daily issuance.
8. Weekly Audits. Perform a weekly audit of the blank Colorado Quest cards in the office. Record. Each month using the Monthly EBT Card Inventory Form send a summary to the CDHS Food Stamp Program. Discrepancies shall be reported and investigated with the results, conclusions and interventions recorded for internal and external audit and review purposes.
9. Destruction of Cards. On a daily basis, staff shall destroy lost/stolen/damaged cards returned to the county department. All returned cards shall be recorded daily on the EBT Card-76 log. The suggested method for destroying cards is to cut them into at least four sections. At least two people, not from the card issuance staff, shall destroy the cards. Record the cards that have been destroyed and the persons who destroyed them on form EBT Card-76.
10. Secure CAPS Devices. County staff shall unplug CAPS devices from the wall plug and lock CAPS machines in a drawer, cabinet, or other secured structure when issuance offices are closed and during times when authorized issuance staff are absent. If this is not possible, the machines must be stored in a locked room when not in use.

11. Restricted Access to Cards, CAPS. Counties shall restrict physical access to the "bulk supply" of cards and the daily "working supply" to those employees with designated issuance responsibilities. CAPS passwords are automatically changed every 30 days. CAPS security codes/passwords are not to be shared under any circumstances. Similarly, unauthorized persons, including county department employees without issuance responsibilities, shall not have access to CAPS devices.
  
12. Staff Assurance. All staff involved with EBT card issuance must read and sign a copy of this document, indicating they have read, understand and will comply with this agency letter. The County Department/Agency will keep the signed documents on file for review by auditors.

**Effective Date:**

Immediately

**Supersedes:**

FA-98-25-1

FA-98-37-1

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County Staff Assurance.

I have read this Agency Letter, "County EBT Card Disbursement Procedures" #, understand it and will comply with the directives herein:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Supervisor

\_\_\_\_\_  
Date